

EFH Recognized for Its Commitment to Diversity in Business

EFH was awarded the Circle of Honor by the American Institute of Diversity and Commerce (www.AIDCUSA.com) at its annual awards luncheon on July 26. AIDC gives this award based on three categories supplier diversity, workforce diversity and corporate citizenship. See *Circle of Honor Award* on page 2.

Cross-State Air Pollution Rule

Check Luminant.com or EnergyFutureHoldings.com for the latest on developments regarding the Cross-State Air Pollution Rule (CSAPR).

A Note from Rob Lidster VP and Chief Procurement Officer

We are on-track in 2011 to deliver in all areas of our Key Process Indicators, such as on-time delivery, purchase order cycle time and our annualized and budget year savings targets. These accomplishments are the result of hard work by our suppliers, internal customers and the supply chain team.

We are determined to keep the momentum going through the remainder of 2011 in an attempt to beat these targets and set the stage for 2012. On the safety front, we had safe second and third quarters with no recordables. We remain "focused on zero" throughout the supply chain organization. We aim to continue this safety streak as we head into the new year.

I am happy to report that we have increased our supplier diversity spend by 3.31%

over last year to 14.93%. In addition, we continue to increase participation and reporting in our Multi-Tier Initiative. Great job team – keep sourcing the most qualified, capable and competitive suppliers.

Our overall performance in 2011 is on-track to meet, and hopefully exceed, our commitments. Remember, we cannot lose focus on supporting the rest of the business, while we work through the issues brought on by CSAPR. Again, remember safety is our No. 1 priority and we want everyone to go home just the same way they came to work, and that includes the personnel of our suppliers.



Materials Management Team Drives Improvements

The Materials Management Team continues to focus on operational excellence and has made improvements in on-time delivery of safety, inventory accuracy and use of technology.

In an effort to identify improvements in the safe storage of material, the team, alongside our safety group, performed a review of storage systems within our warehouses. Our inventory accuracy has improved from 93%



in 2010 to 97% year-to-date in 2011.

On the technology front, we piloted the use of vending machines at the plants for personal protective equipment (PPE) and other routine items at Sandow. Our internal customers like the convenience of hav-

ing these items closer to their work areas, so we are proceeding to roll these out at other locations.

Supplier Diversity Multi-Tier Initiative Re-launched in 2011

EFH, Luminant and TXU Energy have a proven track record and commitment to significant inclusion of diverse suppliers across the supply chain. As a best practice, the Multi-Tier Initiative was revised and re-launched in January 2011.

Cheryl Stevens, VP of supplier diversity, explains, "Tier 1 suppliers are

those we engage and make payments to directly. We have many additional suppliers and subcontractors that benefit from our projects and contracts, however, their direct engagement is with one of our Tier 1 suppliers rather than us. The Multi-Tier Initiative is designed to ensure that diverse firms are considered for inclusion in the supply chains of our Tier 1 suppliers as well."

Suppliers are requested to participate in this initiative based on contract size and/or subcontracting and supply opportunities. Each is asked to submit a Supplier Diversity Utilization plan, outlining subcontracting and supply areas. Then they need to report the utilization and spend with diverse suppliers as well as outreach efforts on a quarterly basis.

Rob Lidster adds, "Our Multi-Tier effort is **in addition to, not instead of**, direct purchases and engagement with diverse suppliers. We are committed to working with our tier-one suppliers to assist them with the inclusion of diverse suppliers in their supply chain, particularly as it directly supports our materials and services."

Meet Supply Chain Team Member

Greg Neubecker

Luminant VP Supply Chain and Asset Management



Background: Greg came to Luminant in November 2008, where he has played many different roles and joined the supply chain team this summer. Prior to Luminant, Greg worked at HBK Capital Management and McKinsey and Company. Greg started his career as a surface warfare officer in the U.S. Navy.

Current Work: Greg has responsibility for the supply chain functions for Luminant, including strategic sourcing, procurement operations and materials management. He also has asset management for fossil generation and mining, including capital strategy, project budgeting and project-level approval of capital projects. "My top priorities are an increased emphasis on supporting plants and mines beyond sourcing savings and improving our capital spend process. We will improve our support of the plants and mines by focusing on customer-centered metrics such as parts availability, on-time delivery, and inventory management.."

Personal: Greg and his wife live with their four children in Frisco. This year has brought a new house, a new baby and a new role in the company for Greg, so he is secretly hoping for a quieter 2012.

FOR SUPPLIERS

EFH Website Adds Features For Suppliers

The *Doing Business with Energy Future Holdings* portion of EnergyFutureHoldings.com has been updated with information on the process to become a supplier to EFH and on our supplier diversity program. A new section has been added which contains Resources & FAQ's on our accounts payable process to help you ensure prompt payment of your invoices. Please check this section prior to contacting your supply chain contact regarding invoice payment issues. You can also find earlier editions of the Chain Link newsletter under the News section, as well as any other supplier communications.

Circle of Honor Award: (pictured left to right) Michael Fisher, VP talent management; Heather Herndon-Wright, director, supplier diversity; Cheryl Stevens, VP supplier diversity; Rob Lidster VP and chief procurement officer; Catalina Madrigal-Rupert, manager TXUE community relations; and Jeff Herbert, manager Luminant workforce diversity



Ariba e-Commerce Solution Added to Maximo

Ariba has been selected to provide EFH with an e-Commerce platform which will be integrated into Maximo, providing an end-to-end solution. Ariba was selected through an extensive RFP process to select the best e-Commerce solution provider in the market.

Maximo will remain the central hub where all supply chain transactions take place, while the e-Commerce portal will manage electronic RFQs, POs, change orders, catalogs and invoice transactions. The RFQ process will allow buyers and suppliers to import and export bids in Excel format to facilitate easy data entry and analysis. The Ariba portal will also allow the

requisitioner to click to shop on supplier websites using EFH negotiated catalogs.

Suppliers will now be able to review and acknowledge the PO with estimated delivery date at the line item level within the Ariba portal. In addition, the portal allows suppliers to automatically generate invoices through a PO flip process and track the payment progress. This gives suppliers and buyers full visibility of transactions from RFQ to invoice payment.

Maximo will roll out in phases beginning with Luminant fossil and continuing through all parts of Luminant, TXUE and EFH Corporate Services.

TXUE Recognizes Supply Chain's Kim Wevodau for Important Work

Kim Wevodau, strategic sourcing manager, was awarded the Marketing Achievement Recognition for Key Contributors (MARK) Award from the TXU Energy Marketing Team. This award was in recognition of Kim's work with multiple teams in 2011 on significant sourcing events at TXU Energy. The MARK Award recognizes outstanding work which helps the TXU Energy Marketing Team deliver the promises behind the brand pillars of trustworthy, customer-centric, dependable and innovative.

Kim engaged the different marketing teams shortly after they recognized their need to inquire in the market place for solutions to their challenges. Kim educated the teams on the strategic sourcing process then partnered with them to define the deliverables of each sourcing event. Kim also

managed the sourcing process to meet or exceed the expectations on these deliverables.

"Kim was instrumental in one of marketing's most important partner searches – the search for a new advertising agency," says Peter Zafiridis, director of marketing of acquisition/retention. "With her assistance, we conducted an agency review and onboarded our new advertising agency, The Richards Group, in less than 90 days – a remarkable feat. Kim is truly a team player with fantastic negotiation skills."

Presentation of this award shows the trust and confidence the TXU Energy Marketing Team has developed in Kim, and the sourcing process, in delivering results in a smooth and efficient manner.

Meet Supply Chain Team Member

Merlyn Murthodi

EFH Senior Manager, Supply Chain Applications



Background: Merlyn started with EFH in July of this year. She came from Panini America in Irving where she was director of systems engineering. She was responsible for company-wide business information systems strategy, budgeting, implementation and support.

Current work: Merlyn is responsible for all IT systems used in supply chain day-to-day processes. Her top two priorities are (1) the implementation of Maximo and the associated eCommerce solution and (2) the development of a Supplier eEnablement strategy and its execution.

Personal: Merlyn enjoys shooting hoops, going to Rangers games and watching the Steelers with her husband and two children, ages 5 and 3.